

**UNIVERSITI TEKNOLOGI MARA**

**CLIENT PROTECTION AND  
SUSTAINABILITY OF ISLAMIC  
MICROFINANCE INSTITUTION:  
EVIDENCE FROM AMANAH  
IKHTIAR MALAYSIA**

**NOR MAISARAH BINTI BAKAR**

Thesis submitted in fulfillment  
of the requirements for the degree of  
**Master of Science**

**Faculty of Accountancy**

April 2016

## **CONFIRMATION BY PANEL OF EXAMINERS**

I certify that a Panel of Examiners has met on 06<sup>th</sup> November 2015 to conduct the final examination of Nor Maisarah Binti Bakar on her Master of Science thesis entitled “Client Protection and Sustainability of Islamic Microfinance Institution : Evidence From Amanah Ikhtiar Malaysia” in accordance with Universiti Teknologi MARA Act 1976 (Akta 173). The Panel of Examiners recommends that the student be awarded the relevant degree. The panel of Examiners was as follows:

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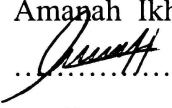
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**AUTHOR’S DECLARATION**

I declare that work relating to this thesis was carried out in accordance with regulations of Universiti Teknologi MARA. It is original and the results of my own work otherwise indicated or acknowledged as referenced work. This thesis is never been submitted to any other academic institution or non-academic institution for any degree of qualification.

I hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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## **ABSTRACT**

Islamic microfinance Institutions (IMFIs) provide credit to poor recipients, enabling them to gain access to financial assistance, while at the same time having their rights protected. To ensure that clients are protected, all IMFIs should adhere to basic corporate governance principles in ensuring uniform standards, transparency and good corporate governance practices in their institutions. This study explores on the client protection practices and sustainability of Amanah Ikhtiar Malaysia (AIM). The main objective of this study is to examine if client protection affects the sustainability of AIM. The main source of information is the questionnaire survey that has been conducted by taking AIM staff as respondents. Finding shows that the level of client protection in AIM is high. It shows that AIM has high awareness regarding client protection issue. Further analysis shows that accountability and debt collection process have significantly influence the level of sustainability of AIM whereas transparency and transaction costs have insignificantly impact the level of sustainability of AIM. This result implies that having better debt collection process policy and accountability will enhance the level of sustainability of AIM. This study has exclusively contributed to the industry of Islamic microfinance which it gives focuses on client protection issues, which is lacking in Malaysia. This also can be practiced by other IMFIs to ensure that they can sustain in the market for foreseeable future.

## **TABLE OF CONTENTS**

	<b>Page</b>
<b>CONFIRMATION BY PANEL OF EXAMINERS</b>	<b>ii</b>
<b>AUTHOR'S DECLARATION</b>	<b>iii</b>
<b>ABSTRACT</b>	<b>iii</b>
<b>ACKNOWLEDGEMENT</b>	<b>v</b>
<b>LISTS OF TABLES</b>	<b>ix</b>
<b>LIST OF FIGURES</b>	<b>x</b>
<b>LIST OF SYMBOLS</b>	<b>xi</b>
<b>LIST OF ABBREVIATIONS</b>	<b>xii</b>
<b>CHAPTER ONE: INTRODUCTION</b>	<b>1</b>
1.1 Introduction	1
1.2 Background of The Present Study	1
1.3 Definition	4
1.4 Problem Statement	10
1.5 Research Objectives	12
1.6 Research Questions	12
1.7 Research Methodology	13
1.8 Significance of the Study	13
1.9 Scope and Limitations	14
1.10 Organisation of the Thesis	14
<b>CHAPTER TWO: BACKGROUND OF STUDY</b>	<b>16</b>
2.1 Introduction	16
2.2 Level of Poverty	16
2.3 Practices of Microfinance around the World	20
2.4 Microfinance in Malaysia	22
2.5 Islamic Microfinance	25
2.7 Chapter Summary	29